

THIS OPINION IS A
PRECEDENT OF THE TTAB

Hearing: May 14, 2020

Mailed: July 28, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board
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Fuji Medical Instruments Mfg. Co., Ltd.

v.

American Crocodile International Group, Inc.

—————
Cancellation No. 92062760
—————

Sarah G. Voeller of Hamre, Schumann, Mueller & Larson, P.C.,
for Fuji Medical Instruments Mfg. Co., Ltd.

Niria M. Arvizu of Law Offices Niria M. Arvizu,
for American Crocodile International Group, Inc.

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Before Shaw, Greenbaum, and Coggins,
Administrative Trademark Judges.

Opinion by Shaw, Administrative Trademark Judge:

American Crocodile International Group, Inc. (“Respondent” or “ACIGI”) owns a Principal Register registration for the mark FUJIIRYOKI, in standard characters, for “massage apparatus; massage chairs; massaging apparatus for personal use” in International Class 10.¹ William Shen, the CEO of ACIGI, filed the application

¹ Registration No. 3201055 was issued January 23, 2007 from an application filed November 2, 2005, claiming September 1, 2003 as the date of first use anywhere and the date of first

underlying the registration and is the original registrant. Shen then assigned the registration to Respondent. Shen and ACIGI are jointly referred to as “Respondent,” except where it is necessary to specifically discuss Shen’s status as the original applicant or registrant.

In its Amended Petition for Cancellation, Petitioner Fuji Medical Instruments Mfg. Co., Ltd. (“Petitioner”) alleges prior use of the mark FUJIIRYOKI for massage chairs since at least as early as 2000 when it began exporting chairs to the U.S. market; that Respondent first became one of Petitioner’s U.S. distributors in 2003, later becoming Petitioner’s exclusive U.S. distributor in 2005; and the parties signed an agreement reinforcing Respondent’s role as Petitioner’s distributor in 2015.²

Because the original Petition for Cancellation was filed more than five years after the date the registration issued,³ the grounds for potential cancellation are limited. *E.g., Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390, 1392 (Fed. Cir. 1990). Fraud is one basis for cancellation that continues after the five-year period and may be brought “[a]t any time.” 15 U.S.C. § 1064(3). *See* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) § 307.02(a) (June 2021). In the Amended Petition for Cancellation, Petitioner seeks cancellation on the ground of fraud under the following theories: (1) the original applicant’s claim of ownership

use in commerce. According to a translation statement in the registration, “[t]he English translation for the foreign term FUJIIRYOKI is Fuji Medical Device.”

² Amend. Pet. ¶¶ 2-5, 20 TTABVUE 11-12. The Amended Petition is the operative pleading. 32 TTABVUE.

³ The original Petition was filed December 2, 2015, almost nine years after the registration issued.

of the mark was fraudulent because Petitioner was the owner of the mark and Respondent was merely Petitioner's distributor; (2) the declaration in the application underlying the subject registration stating that no other person, firm, corporation or association had a right to use the mark was executed fraudulently because there was use by Petitioner of the same mark at the time the original applicant signed the application with the statutorily prescribed oath; (3) misrepresentation to the Office, by the submission of specimens in the underlying application, that the original applicant had used the mark in commerce at least as early as the filing date of the application, when the specimens showed Petitioner's use of the mark, not Respondent's use; and (4) misrepresentation to the Office, by the submission of a specimen of use in support of a Combined Declaration of Use and Incontestability under Sections 8 & 15, purporting to show that Respondent was using the mark in commerce as of the date the combined declaration was filed, when the specimen showed Petitioner's use of the mark, not Respondent's use.⁴

In its Answer, Respondent admits that it became a distributor of Petitioner's FUJIIRYOKI massage chairs in 2003, that it became an exclusive distributor of those massage chairs at least as early as 2005, and that it was Petitioner's distributor in

⁴ See 20 TTABVUE 11-19 (amended petition), and 32 TTABVUE 8-9 (Board order inter alia granting motion to amend petition). Although the Board stated that the amended petition was "not a model of clarity," 32 TTABVUE 8, and the grouping of allegations therein did "not make complete sense," *id.* at 9, Petitioner made no effort to clarify that pleading or dispute the Board's determination as to what claims were pleaded. To the extent Petitioner argues that the application is void because it was not filed by the owner of the mark, *see* Petitioner's Br., p. 22, 32-33 (83 TTABVUE 23, 33-34), absent fraud, such a lack of ownership claim at the time of filing is time-barred because the subject registration is more than five years old. *See Treadwell's Drifters Inc. v. Marshak*, 18 USPQ2d 1318, 1320 (TTAB 1990).

2015.⁵ Respondent admits various other facts, but otherwise denies the salient allegations of the Amended Petition for Cancellation. In addition, Respondent alleges that it had Petitioner's permission to register the mark FUJIIRYOKI, and that Petitioner eventually signed an agreement stating that Respondent is the owner of the mark.⁶ Respondent also asserts the affirmative defenses of waiver, estoppel, and that Petitioner abandoned the mark through both non-use and naked licensing.⁷

I. The Record

The record includes the pleadings and, by operation of Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b), the file for the involved registration. The parties introduced the following testimony and evidence:

A. Petitioner's testimony and evidence:

- Petitioner's First Notice of Reliance on USPTO records, official records, and Internet materials. (44 TTABVUE 2-64)
- Petitioner's Second Notice of Reliance on Respondent's responses to certain requests for admission. (44 TTABVUE 65-176)
- Petitioner's Third Notice of Reliance on Respondent's responses to certain interrogatories. (44 TTABVUE 177-229)
- Petitioner's Fourth Notice of Reliance on excerpts and exhibits from the discovery depositions of William Shen, CEO of Respondent, in his own

⁵ Answer ¶¶ 4-5, 33 TTABVUE 3.

⁶ Answer ¶¶ 14, 16, 19, 21-24, 33 TTABVUE 6, 7-8.

⁷ *Id.* at ¶¶ 28-36, 33 TTABVUE 9-10. Respondent also asserted as an "affirmative defense" that Petitioner failed to state a claim upon which relief can be granted; however, this is not an affirmative defense, *see John W. Carson Found. v. Toilets.com, Inc.*, 94 USPQ2d 1942, 1949 (TTAB 2010) ("The asserted defense of failure to state a claim is not a true affirmative defense because it relates to an assertion of the insufficiency of the pleading of opposer's claim rather than a statement of a defense to a properly pleaded claim."), and the Board previously determined that the amended petition sufficiently stated a claim. *See* 32 TTABVUE 7-12.

capacity and separately as a Fed. R. Civ. P. 30(b)(6) witness, and Man Yee (Lorraine) Yeung, an employee of Respondent from 2003 to 2005 and 2007 to present. (45-47 TTABVUE)

- Testimony deposition of Sadao Kihara, a 49-year employee and former CEO of Petitioner, with exhibits. (50 TTABVUE; 49 TTABVUE confidential)
- Testimony deposition of Toshikazu Takatori, the former overseas sales manager of Petitioner from 1999 to 2008, with exhibits. (51 TTABVUE; 48 TTABVUE confidential)
- Petitioner's Rebuttal Notice of Reliance on Petitioner's supplemental responses to certain interrogatories and a request for admission propounded by Respondent. (72 TTABVUE)
- Cross-examination testimony deposition of William Shen, with exhibits. (77-78 TTABVUE; 79-80 TTABVUE confidential)

B. Respondent's testimony and evidence:

- Respondent's Notice of Reliance on internet material, USPTO records, and printed publications. (60 TTABVUE)
- Respondent's amended Notice of Reliance on documents produced by Respondent during discovery, and responses to certain interrogatories and requests for admission propounded by Petitioner. (62 TTABVUE)
- Respondent's Notice of Reliance on Petitioner's responses to certain interrogatories and requests for admission. (63 TTABVUE)
- Testimony Declaration of William Shen, with exhibits. (61 TTABVUE)

II. Background

Petitioner is a Japanese company that makes and has sold health appliances, mainly massage chairs, since 1954.⁸ It claims it is a pioneer in the field, is well known in Asia, and has received multiple awards over many years for its chairs.⁹ Petitioner

⁸ Kihara Dep., 50 TTABVUE 10-11.

⁹ *Id.*, 50 TTABVUE 17-18.

created, adopted, and applied in Japan to register the trademark FUJIIRYOKI around 1987, receiving a Japanese registration in 1990.¹⁰ It has sold its chairs in the U.S. since at least as early as 1968; and, since the 1987 adoption of the FUJIIRYOKI mark, it has sold FUJIIRYOKI-branded chairs in the U.S.¹¹ In 1991, Petitioner applied to register the mark FUJIIRYOKI in the U.S. for “body massaging apparatus,” but that application was abandoned in 1994 for failure to file a statement of use.¹² In 1995, Petitioner successfully registered FUJIIRYOKI in the U.S. for various exercise machines, but that registration was cancelled in 2002 for failure to file an affidavit of use or excusable nonuse under Section 8 of the Trademark Act.¹³ An application filed in 2015 to register FUJIIRYOKI in stylized lettering is suspended pending resolution of this cancellation proceeding as discussed below. Between 2001 and 2004 or 2005, Petitioner sold its FUJIIRYOKI chairs in the U.S. primarily through another distributor, Sole Convenience.¹⁴

Respondent is a California corporation formed in 2002.¹⁵ It became a U.S. distributor of Petitioner’s FUJIIRYOKI massage chairs in 2003, sold its first

¹⁰ *Id.*, 50 TTABVUE 14-15.

¹¹ *Id.*, 50 TTABVUE 22.

¹² Application No. 74206483 (“483 application”) Pet. 1st NOR Ex. 2, 44 TTABVUE 11-13; Shen Decl. ¶ 11 and Ex. 5, 61 TTABVUE 4, 51.

¹³ Registration No. 1930363 (“063 registration”), Pet. 1st NOR Ex. 1, 44 TTABVUE 7-9; Shen Decl. ¶ 11 and Ex. 5, 61 TTABVUE 4, 52.

¹⁴ Takatori Dep., 51 TTABVUE 15-16.

¹⁵ Shen Decl. ¶¶ 1-2, 61 TTABVUE 2.

FUJIIRYOKI chair in April 2003, and became the exclusive U.S. distributor of Petitioner's FUJIIRYOKI chairs in June 2005.¹⁶

William Shen has been the CEO of Respondent since its formation in 2002.¹⁷ On November 2, 2005, counsel for Shen filed the application underlying the registration at issue in this cancellation proceeding; the application was filed in the name of William Shen, i.e., listing Shen as the owner of the mark.¹⁸ Five days after the registration issued it was assigned to Respondent, and the assignment was recorded with the USPTO a few months later.¹⁹

III. Evidentiary Issues

Before proceeding to the merits of the claims, we address evidentiary matters.

A. Exhibit 3 to Petitioner's Rebuttal Notice of Reliance

Prior to briefing, Respondent moved to strike, inter alia, Petitioner's Third Supplemental Objections and Responses to Respondent's First Set of Admissions No. 43, dated October 6, 2017, which was submitted as Exhibit 3 to Petitioner's Rebuttal Notice of Reliance.²⁰ Because the motion was deferred until final decision,²¹ we now determine the issue.

¹⁶ *Id.* ¶¶ 5, 15, 61 TTABVUE 2, 5; Shen Cross-Exam Dep, p. 38, 77 TTABVUE 39.

¹⁷ Shen Decl. ¶ 2, 61 TTABVUE 2.

¹⁸ *Id.* ¶¶ 12-13, 61 TTABVUE 4-5; Application.

¹⁹ Pet. 4th NOR Ex. 36 (Shen Dep. pp. 184-85), 46 TTABVUE 341-42; Assignment, Reel 3520, Frame 611-13.

²⁰ 72 TTABVUE 104-07 (Exhibit 3), 73 TTABVUE (motion).

²¹ 82 TTABVUE 5-7 (Board order).

Petitioner submitted by notice of reliance its amended response—a denial—to Respondent’s request for admission No. 43, which asked Petitioner to admit the authenticity of a Meeting Memorandum dated November 21, 2009, and signed by Shen and Katsuya Ito of Petitioner’s Overseas Division.²² Respondent moved to strike the amended response, arguing that denials to admission requests cannot be submitted under a notice of reliance.²³

Usually, “[d]enials to admission requests cannot be submitted under notice of reliance,” TBMP § 704.10, because “unlike an admission (or a failure to respond which constitutes an admission), the denial of a request for admission establishes neither the truth nor the falsity of the assertion, but rather leaves the matter for proof at trial.” *Life Zone Inc. v. Middleman Grp., Inc.*, 87 USPQ2d 1953, 1957 n.10 (TTAB 2008). However, as Petitioner argues in this instance, Petitioner submitted the amended response (a denial) because the initial response submitted by Respondent (an admission) is misleading as it is not the final version of the response to the request for admission. That is, Petitioner does not seek to establish the truth or falsity of the assertion, but only to show that the response was amended to a denial and cannot be relied on by Respondent as an admission. This is acceptable. *Cf.* Trademark Rule 2.120(k)(5), 37 C.F.R. § 2.120(k)(5) (“[R]esponding party may introduce . . . any other admissions, which should in fairness be considered so as to make not misleading what was offered by the receiving . . . party”). Accordingly, we deny Respondent’s motion

²² See 63 TTABVUE 14-15 (Petitioner’s second supplemental response), 63 TTABVUE 9-11 (meeting memorandum), and 72 TTABVUE 106 (Petitioner’s third supplemental response).

²³ 73 TTABVUE 5.

to strike Petitioner's Third Supplemental Objections and Responses to Respondent's First Set of Admissions No. 43, and we will not rely on the earlier admission submitted by Respondent. Nonetheless, we note that the admission and later denial relate to the authenticity of a document that was submitted with Shen's testimonial declaration and authenticated thereby.²⁴

B. Remaining objections

The parties raise numerous other objections on the grounds of failure to produce documents during discovery, relevance, authentication, foundation, and hearsay. Given the number and nature of the objections, we see no compelling reason to discuss any of them specifically. The Board is capable of assessing the proper evidentiary weight to be accorded the testimony and evidence, taking into account the concerns raised by the objections. Suffice it to say, we have considered all of the testimony and exhibits submitted. In doing so, we have kept in mind the various objections raised by Petitioner and Respondent and we have accorded whatever probative value the subject testimony and evidence merit. *See Luxco, Inc. v. Consejo Regulador del Tequila, A.C.*, 121 USPQ2d 1477, 1479 (TTAB 2017).

IV. Entitlement to the Statutory Cause of Action for Cancellation²⁵

A plaintiff's entitlement to bring the statutory cause of action of cancellation, formerly referred to as "standing," must be established in every inter partes case

²⁴ See Shen Decl. ¶¶ 6, 15, 61 TTABVUE 2-3, 5, 20-22.

²⁵ Board decisions have previously analyzed the requirements of Section 14 of the Trademark Act, 15 U.S.C. § 1064, under the rubric of "standing." We now refer to this inquiry as entitlement to bring whatever statutory cause of action is at issue. Despite the change in nomenclature, our prior decisions and those of the Federal Circuit interpreting "standing"

before the Board. *See Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298, 2020 USPQ2d 11277 (Fed. Cir. 2020), *cert. denied*, 2021 WL 2044561 (May 24, 2021); *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 USPQ2d 10837 (Fed. Cir. 2020),²⁶ *reh'g en banc denied* 981 F.3d 1083 (Dec. 4, 2020), *petition for cert. filed*, No. 20-1552 (Apr. 28, 2021); *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014); *Spanishtown Enters., Inc. v. Transcend Res., Inc.*, 2020 USPQ2d 11388 (TTAB 2020). A party in the position of plaintiff may petition for cancellation of a registered mark where it is within the zone of interests protected by the statute, 15 U.S.C. § 1064, and the party has a reasonable belief in damage proximately caused by continued registration of the mark. *See Peterson v. Awshucks SC, LLC*, 2020 USPQ2d 11526, at *6 (TTAB 2020) (citing *Corcamore*, 2020 USPQ2d 11277, at *6-7); *Spanishtown Enters.*, 2020 USPQ2d 11388, at *1. *See also* 15 U.S.C. § 1064.

There is no dispute that the parties have a long-standing business relationship dating back to 2003, when Respondent became a distributor of Petitioner's massage chairs bearing the FUJIIRYOKI mark, and that the parties have signed multiple

under § 1064 remain equally applicable. *See, e.g., City of London Distillery, Ltd. v. Hayman Grp. Ltd.*, 2020 USPQ2d 11487, at *3 n.43 (TTAB 2020).

²⁶ In arguing against Petitioner's entitlement, Respondent relies on an earlier Board decision in *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 129 USPQ2d 1027 (TTAB 2018), which was reversed by the Federal Circuit after this proceeding was briefed. We rely on the controlling later decision, and need not discuss Respondent's arguments based on the now-reversed earlier decision. Similarly, Respondent argues that Petitioner is not entitled to bring this action due to acquiescence, *see* Respondent's Br., pp. 21-26 (85 TTABVUE 22-27); however that is an affirmative defense against the merits of the claim – not to Petitioner's entitlement to bring a cause of action for cancellation – and, as noted below, is not available against fraud.

agreements confirming their business relationship since then.²⁷ In addition, Respondent admits that from 2010 to 2015 Petitioner shipped FUJIIRYOKI massage chairs and parts directly from Japan to Respondent; Petitioner supplies Respondent with catalogs, user manuals, and remote controls for the FUJIIRYOKI-branded massage chairs; and part of Respondent's website provides the history of and corporate data about Petitioner.²⁸ These facts are sufficient to establish Petitioner's entitlement to bring this statutory cause of action, because the question of ownership of the mark FUJIIRYOKI forms part of the fraud claim. *Cf. UVeritech, Inc. v. Amax Lighting, Inc.*, 115 USPQ2d 1242, 1244 (TTAB 2015) (a dispute over ownership of a mark establishes entitlement to bring a statutory cause of action).

In addition, Respondent admitted that "Petitioner filed a trademark application for FUJIIRYOKI on November 5, 2015" and Petitioner introduced evidence of that application (Serial No. 86810921) seeking registration of the mark **FUJIIRYOKI** for "electric massage chairs; massage apparatus and instruments."²⁹ This too is sufficient to establish Petitioner's entitlement to bring a cancellation proceeding. *See Toufigh v. Persona Parfum Inc.*, 95 USPQ2d 1872, 1874 (TTAB 2010) (because plaintiff made of record its pending application, entitlement established "by virtue of the fact that both parties' marks are identical, and their goods are at least arguably related."). *See*

²⁷ *See, e.g.*, June 1, 2005 certificate of exclusive distributorship (Takatori Dep. Ex. 3, 51 TTABVUE 198; and Shen Decl. Ex. 7, 61 TTABVUE 59); November 21, 2009 Meeting Memorandum (Shen Decl. Ex. 1, 61 TTABVUE 19-22); 2015 Memorandum of Understanding (Shen Decl. Ex. 7, 61 TTABVUE 62).

²⁸ Requests for Admission Nos. 4, 5, 17, 18, 31, 36, 37 (Pet. 2nd. NOR; 44 TTABVUE 129-31, 134-35).

²⁹ Answer ¶ 25 (33 TTABVUE 8), Pet. 1st NOR, Ex. 4 (44 TTABVUE 18-21).

also Lipton Indus., Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982) (“We regard the desire for a registration with its attendant statutory advantages as a legitimate commercial interest.”).

Respondent nevertheless argues that Petitioner lacks “standing” to bring this cancellation proceeding because “[i]n 2009, Petitioner contracted away any rights it may have had in the mark when Petitioner entered into a written settlement agreement with Registrant over a dispute regarding ownership of the mark and agreed Registrant is the owner of the mark[.]”³⁰ This argument is unavailing because Respondent misrepresents the nature of the agreement and its duration. As discussed more fully below, the 2009 agreement between the parties was a temporary solution to the present ownership dispute. In addition, the 2009 agreement was superseded by a Memorandum of Understanding dated March 16, 2015 that terminated “any and all prior existing agreements, certificates, understandings, and communications between the parties (including but not limited to any notice, orally or in writing).”³¹ Finally, Petitioner need not have proprietary rights in a mark in order to establish a cause of action under Section 1064. *Australian Therapeutic*, 2020 USPQ2d 10837, at *5 (“Contracting away one’s rights to use a trademark does not preclude a petitioner from challenging a mark before the Board.”).

We find that Petitioner has established that it is entitled to bring this cancellation proceeding.

³⁰ Respondent’s Br., p. 16, 85 TTABVUE 17.

³¹ 46 TTABVUE 229.

V. Affirmative Defenses

Respondent raises the affirmative defenses of waiver and estoppel by acquiescence, arguing that Petitioner has consented to Respondent's use of the FUJIIRYOKI mark.³² Equitable defenses such as laches, acquiescence, equitable estoppel, waiver, and the like, are not available against claims of fraud. *Saint-Gobain Abrasives, Inc. v Unova Indus. Automation Sys., Inc.*, 66 USPQ2d 1355, 1359 (TTAB 2003) ("It is well established that the equitable defenses of laches and acquiescence are not available against claims of genericness, descriptiveness, fraud, and abandonment."); *Harjo v. Pro Football Inc.*, 30 USPQ2d 1828, 1831 (TTAB 1994) (laches and equitable estoppel not available against fraud); *Treadwell's Drifters*, 18 USPQ2d at 1320 (laches and equitable estoppel not available against fraud); *TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1313 (TTAB 1989) ("The equitable defenses [of laches, acquiescence, and estoppel] do not apply because it is in the public interest to preclude . . . registration procured by fraud."). We therefore find against Respondent on the asserted defenses of waiver and estoppel by acquiescence.

Respondent also raises the defense of abandonment of the FUJIIRYOKI mark through naked licensing. Failure to exercise sufficient quality control or supervision over a licensee's use of a licensed mark, i.e. uncontrolled or "naked" licensing, may result in abandonment of the mark as to the licensed goods or services. *Woodstock's Enters. Inc. (California) v. Woodstock's Enters. Inc. (Oregon)*, 43 USPQ2d 1440, 1446 (TTAB 1997), *aff'd*, 152 F.3d 942 (Fed. Cir. 1998) (Table). Although this defense may

³² Respondent's Br., p. 21, 85 TTABVUE 22.

be available against a claim of fraud, as explained in the following discussion, we find against Respondent on the merits.

Respondent argues that Petitioner abandoned the FUJIIRYOKI mark through naked licensing because Respondent “exclusively used the mark since 2003, without impediment by Petitioner[,] manufactured its own chairs under the mark, and with Petitioner’s knowledge and without any interference or quality assurance by Petitioner, [and] sub-licensed the use of the mark to third parties.”³³ Respondent, however, was buying its massage chairs from Petitioner and has introduced no credible evidence that it was manufacturing its own chairs under the FUJIIRYOKI mark or sub-licensing the manufacture of chairs by any third parties. Thus, on this record, Respondent is arguing that, while it was a licensee of Petitioner, Respondent’s sales of Petitioner’s FUJIIRYOKI-branded chairs caused abandonment of Petitioner’s mark due to failure to exercise quality control over Respondent.

Under the doctrine of licensee estoppel, during the time that a license is in force, a licensee cannot challenge the validity of the licensed mark including on the ground that the licensor has not exercised sufficient quality control. *Estate of Biro v. Bic Corp.*, 18 USPQ2d 1382, 1386 (TTAB 1991) (“Inasmuch as applicant is challenging the agreement based on facts which occurred during the time frame of the ‘license’, we find that applicant is estopped under the doctrine of licensee estoppel.”); *see also Leatherwood Scopes Int’l Inc. v. Leatherwood*, 63 USPQ2d 1699, 1703 (TTAB 2002) (under doctrine of licensee estoppel, “licensee is estopped to challenge [licensor’s]

³³ Respondent’s Br., p. 2, 85 TTABVUE 3.

ownership of the mark” based on naked licensing); *Garri Publ’n Assocs. Inc. v. Dabora Inc.*, 10 USPQ2d 1694, 1697 (TTAB 1988) (“[A] licensee is estopped to challenge the licensor’s rights in the licensed mark [based on naked licensing] during the time that the license is in force.”). We find that Respondent’s defense of abandonment through naked licensing fails because the basis for its defense arose while Respondent was Petitioner’s licensee.

Respondent further claims that “Petitioner is not the manufacturer of the goods where [another company] LITEC advertises it manufactures the chairs and [yet another company] FUJIIRYOKI Shanghai also likely manufactures the chairs and Petitioner cannot claim ownership of the mark.”³⁴ Respondent bases this argument on information purportedly discovered in 2013.³⁵ This argument is irrelevant to the 2005 application and wholly unsupported by any credible evidence. We give it no consideration.

VI. Fraud

Fraud in procuring or maintaining a trademark registration occurs when an applicant for registration, or a registrant in a post-registration setting, knowingly makes a false, material representation of fact in connection with an application to register or a post registration document, with the intent of obtaining or maintaining a registration to which it is otherwise not entitled. *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1939-40 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.r.l.*, 808

³⁴ Respondent’s Br., p. 2, 85 TTABVUE 3.

³⁵ Shen Testimony Dec., ¶ 10, 61 TTABVUE 4.

F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986); *Embarcadero Techs., Inc. v. Delphix Corp.*, 117 USPQ2d 1518, 1521 (TTAB 2016); *Nationstar Mortg. LLC v. Ahmad*, 112 USPQ2d 1361, 1365 (TTAB 2014). A party alleging fraud in the procurement or maintenance of a registration bears the heavy burden of proving fraud with clear and convincing evidence. *Bose*, 91 USPQ2d at 1939 (quoting *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981)). *See also* *W.D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co.*, 377 F.2d 1001, 153 USPQ 749, 750 (CCPA 1967) (heavy burden of proof required of one alleging fraud). Indeed, “the very nature of the charge of fraud requires that it be proven ‘to the hilt’ with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.” *Smith Int'l v. Olin Corp.*, 209 USPQ at 1044.

The Board will not find fraud if the evidence shows that a false representation was made with a reasonable and honest belief that it was true, rather than an intent to mislead the USPTO into issuing a registration to which the applicant was not otherwise entitled. *See id.*; *see also* *Woodstock's*, 43 USPQ2d at 1443. The Court of Appeals for the Federal Circuit has held that intent to deceive is an indispensable element of the analysis in a fraud case. *See Bose*, 91 USPQ2d at 1941.

A. False material representation

Applying the law to the present case, we first look to see whether false and material representations were made in Respondent's underlying application to register the FUJIIRYOKI mark. *Bose*, 91 USPQ2d at 1942. The crux of the issue is whether Shen owned the FUJIIRYOKI mark in the U.S. at the time he filed the

application on November 2, 2005 in his own name. An application based on use in commerce under Section 1(a), 15 U.S.C. § 1051(a), must be filed by the party who owns the mark. *See, e.g., Lyons v. Am. Coll. of Veterinary Sports Med. & Rehab.*, 859 F.3d 1023, 123 USPQ2d 1024, 1027 (Fed. Cir. 2017); *Holiday Inn v. Holiday Inns, Inc.*, 534 F.2d 312, 189 USPQ 630, 635 n.6 (CCPA 1976) (“One must be the owner of a mark before it can be registered.”); *Great Seats, Ltd. v. Great Seats, Inc.*, 84 USPQ2d 1235, 1239 (TTAB 2007) (“In a use-based application under Trademark Act Section 1(a), only the owner of the mark may file the application for registration of the mark[.]”). Thus, we must determine who owned the mark and whether Shen made any false material representations regarding ownership. Given that the claim of fraud is based chiefly on ownership claims made in the application, we focus our inquiry primarily on events in the months leading up to the filing date of the application.

1. Ownership of the FUJIIRYOKI mark

Beginning in 2003, Respondent started selling Petitioner’s FUJIIRYOKI-branded chairs in the U.S. On June 1, 2005, Petitioner made Respondent the exclusive U.S. distributorship for FUJIIRYOKI chairs via a one-page letter. The entirety of the body of the letter states:

CERTIFICATE

This is to certify that ACIGI RELAXATION, 762 BARBER LANE MILPITAS, CA 95035, U.S.A. is the exclusive

distributor/importer of FUJIIRYOKI Massage Chair in
U.S.A.

Sincerely Yours,

Fuji Medical Instruments Mfg. Co. Ltd.

[signed]

Toshikazu TAKATORI

Manager

Overseas Division³⁶

The letter makes no mention of trademarks, and does not give Shen or Respondent the right to register the FUJIIRYOKI mark. Shen filed the FUJIIRYOKI trademark application five months later in his own name.

Merely being a distributor (or the CEO of a distributor) does not confer ownership of a mark for the goods being distributed. On the contrary, as between a manufacturer and distributor, the manufacturer is presumed to own a trademark applied to the goods:

In the absence of an agreement determining ownership [between a foreign manufacturer and an exclusive United States distributor], both the courts and the Trademark Board will presume that the manufacturer of goods is the owner of the trademark of those goods.

* * *

An exclusive U.S. distributor does not acquire ownership of a foreign manufacturer's mark any more than a wholesaler can acquire ownership of an American manufacturer's mark, merely through the sale and distribution of goods bearing the manufacturer's trademark.

J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 29:8 (5th ed. 2021). *See also Nahshin v. Prod. Source Int'l, LLC*, 107 USPQ2d 1257, 1263

³⁶ Ex. 3 to Takatori Dep., 51 TTABVUE 198; Ex. 7 to Shen Dec., 61 TTABVUE 59.

(TTAB 2013) (“[T]he mere fact that a U.S. distributor distributes a foreign manufacturer’s branded product does not, without more, give the U.S. distributor an ownership interest in the mark.”). Respondent, therefore, cannot rely solely on its status as Petitioner’s exclusive U.S. distributor for its ownership of the FUJIIRYOKI mark. Likewise, Shen, in his capacity as Respondent’s CEO, had no ownership interest in the FUJIIRYOKI mark that Respondent could rely on.

In the absence of an agreement determining ownership of a trademark between a foreign manufacturer and an exclusive U.S. distributor, the presumption that the manufacturer of the goods is the owner of the trademark is rebuttable. *See Global Maschinen GmbH Banking Sys., Inc.*, 227 USPQ 862, 866 (TTAB 1985). The following factors are relevant when considering if the presumption has been rebutted:

- (1) which party created and first affixed the mark to the product;
- (2) which party’s name appeared with the trademark on packaging and promotional materials;
- (3) which party maintained the quality and uniformity of the product, including technical changes;
- (4) which party does the consuming public believe stands behind the product, e.g., to whom customers direct complaints and turn to for correction of defective products;
- (5) which party paid for advertising; and
- (6) what a party represents to others about the source or origin of the product.

UVeritech, 115 USPQ2d at 1249.

Using the above framework to decide the present dispute, we find that Petitioner was the owner of the FUJIIRYOKI mark at the time Shen filed the application to

register the FUJIIRYOKI mark. Petitioner created the FUJIIRYOKI mark and applied it to the goods, as well as to documentation, packaging and promotional materials sold with the goods. Petitioner manufactured the goods and created new models as needed.³⁷ In advertising, Petitioner was routinely represented to consumers as the source of the goods. Indeed, advertising for the goods often touted Petitioner's history, dating back to the invention of the first massage chair in 1954.

We note Respondent paid for most advertising, but this is not surprising given that Petitioner is based in Japan and had little experience with the U.S. market. Moreover, as noted above, Respondent's advertising routinely referred to Petitioner and its long history of developing and manufacturing massage chairs.

Respondent also arranged for repair of broken or defective chairs, but some repairs were handled by Petitioner.³⁸ And Petitioner supplied Respondent with all of the replacement parts and annual training for its repair technicians.³⁹ Although repairs often were made by Respondent, owner's manuals for the chairs identified Petitioner as the manufacturer and encouraged customers with repair issues to contact either "your dealer or us [Petitioner] for inspection or repair."⁴⁰ Moreover, when Shen filed the FUJIIRYOKI trademark application, Respondent had only been the exclusive U.S. distributor of FUJIIRYOKI chairs for five months. This is hardly enough time

³⁷ Kihara Dep., pp. 10-12, Ex. 42, 50 TTABVUE 11-13, 287-97.

³⁸ Yeung Dep., p. 58, 47 TTABVUE 248.

³⁹ Takatori Dep., pp. 33-34, 51 TTABVUE 33-35.

⁴⁰ *Id.* at 33-34, 51 TTABVUE 33-35.

for consumers to believe that only Respondent stood behind the products, particularly in light of the evidence just discussed.

Weighing the foregoing factors, in the absence of an agreement determining ownership of the FUJIIRYOKI mark as of November 2005, we find that Petitioner clearly was the owner of the mark at the time Shen filed the application to register the mark.

Respondent nevertheless puts forth several additional theories to support its claim of ownership of the FUJIIRYOKI mark at the time Shen filed the application. First, in its responses to Petitioner's interrogatories, Respondent stated that it had written permission from Petitioner to file the FUJIIRYOKI trademark application.⁴¹ However, Shen, blaming computer problems,⁴² never produced any written evidence establishing that Petitioner granted him or Respondent the right to register the FUJIIRYOKI mark. Instead, the record shows that, at most, Respondent was given permission to use the FUJIIRYOKI mark, not register it.⁴³

Second, during his deposition, Shen also said that he received verbal permission to register the FUJIIRYOKI mark from Takatori, Petitioner's former overseas sales manager. But Shen said he didn't remember the date and stated that Takatori "probably wasn't paying attention."⁴⁴ Takatori, however, denies that he ever gave

⁴¹ Pet. 3rd NOR, Ex. C, Respondent's Response to Interrogatory No. 12, 44 TTABVUE 204.

⁴² 77 TTABVUE 25.

⁴³ Ex. 20 to Shen Dep., pp. 122-24, 46 TTABVUE 232-36.

⁴⁴ Ex. 18 to Shen Dep., pp. 114-26, 46 TTABVUE 206-17.

Shen verbal permission to register the mark.⁴⁵ In addition, Kihara, Petitioner's former CEO, testified that he too never authorized Shen or Respondent to register the FUJIIRYOKI mark.⁴⁶ Because Shen's claim that he had permission to register the mark is not credible, we find that Petitioner did not verbally grant Respondent the right to register the FUJIIRYOKI mark.

Third, Respondent also claims that Shen was entitled to register the FUJIIRYOKI mark because Petitioner had abandoned it.⁴⁷ For support, Respondent points to the 2002 cancellation of Petitioner's '063 registration and the 1994 abandonment of Petitioner's '483 application.⁴⁸ This argument is patently flawed. It conflates registration of a mark with use of a mark. "[A] trademark owner does not abandon [its] rights in a mark by abandoning prosecution." *Australian Therapeutic*, 2020 USPQ2d 10837, at *5 (citations omitted). More importantly, Respondent was actively selling Petitioner's FUJIIRYOKI-branded chairs in the U.S. from 2003 through at least November 2005, when Shen filed the application. Any U.S. sales by Respondent of Petitioner's FUJIIRYOKI chairs inured to Petitioner's benefit, not Shen's or Respondent's. See *Quality Candy Shoppes/Buddy Squirrel of Wis., Inc. v. Grande Foods*, 90 USPQ2d 1389, 1392 (TTAB 2007) ("[Y]ears of precedent make it very clear that proper use of a mark by a trademark owner's licensee or related company constitutes 'use' of that mark attributable to the trademark owner."). Respondent's

⁴⁵ Takatori Dep., pp. 41-42, 51 TTABVUE 42-43.

⁴⁶ Kihara Dep., p. 84, 49 TTABVUE 85.

⁴⁷ Respondent's Br., p. 46, 85 TTABVUE 47.

⁴⁸ *Id.*; see also Shen Decl., ¶ 11, 61 TTABVUE 4.

argument that Petitioner abandoned its FUJIIRYOKI mark at the same time that Respondent—as Petitioner’s exclusive U.S. distributor—was selling Petitioner’s FUJIIRYOKI-branded chairs not only defies logic and the law, it strains credulity. We find that Respondent has failed to establish that Petitioner had abandoned the FUJIIRYOKI mark at the time that Shen filed the application.

In sum, we find that neither Shen nor Respondent was the owner of the FUJIIRYOKI mark at the time Shen filed the application for registration. Accordingly, we next consider whether statements and representations regarding ownership of the FUJIIRYOKI mark made by Shen during the examination of the application were false and material.

2. Shen’s false and material representations

Petitioner claims that Shen made false material representations in his application for the mark, including:

- (1) alleging he owned the FUJIIRYOKI mark and was not aware of anyone else who had a claim to the mark;
- (2) filing the application in his own name when his wife was the owner of ACIGI; and
- (3) submitting a specimen indicating that [Respondent] was the manufacturer of FUJIIRYOKI chairs when [Shen] admitted he did not manufacture massage chairs at that time, and alleging use back to 2003.⁴⁹

“[I]nformation is material when a reasonable examiner would consider it important in deciding whether to allow the application to issue[.]” *Symantec Corp. v. Comput. Assocs. Int’l, Inc.*, 522 F.3d 1279, 86 USPQ2d 1449, 1460 (Fed. Cir. 2008). In

⁴⁹ Petitioner’s Br., p. 5, 83 TTABVUE 6.

light of the fact that neither Shen nor Respondent owned the FUJIIRYOKI mark at the time the application was filed, Shen's declaration that he owned the mark and was not aware of anyone else who had a claim to the mark was both false and material. 15 U.S.C. § 1051. Only the owner of a mark may apply for registration. *See, e.g., Lyons* 123 USPQ2d at 1027; *Great Seats*, 84 USPQ2d at 1239). Had the trademark examining attorney known Shen was not the owner, registration appropriately should have been refused.

Moreover, a U.S. distributor for a foreign manufacturer may register a mark only if the applicant submits one of the following:

- (a) written consent from the owner of the mark to registration in the applicant's name, or
- (b) written agreement or acknowledgment between the parties that the importer or distributor is the owner of the mark in the United States, or
- (c) an assignment (or true copy) to the applicant of the owner's rights in the mark as to the United States together with the business and good will appurtenant thereto.

TRADEMARK MANUAL OF EXAMINING PROCEDURE (TMEP) § 1201.06(a) (October 2018); *In re Pharmacia Inc.*, 2 USPQ2d 1883 (TTAB 1987). Shen submitted none of the documents listed above. Thus, under these specific circumstances, had the trademark examining attorney known that Shen was only a distributor (or the CEO of a distributor), without permission or consent from Petitioner to register, registration appropriately should have been refused. *Id.*

Shen's filing of the use-based FUJIIRYOKI application in his own name also was a false and material representation. As discussed above, neither Shen nor

Respondent owned the mark when the application was filed. Even assuming, arguendo, that Petitioner's grant of an exclusive U.S. distributorship to Respondent conveyed a right to register the mark (which it did not), that right would have been held by Respondent, not Shen.⁵⁰ Clearly, the record reflects that Shen himself was never the exclusive U.S. distributor of Petitioner's massage chairs, and thus had no right to apply for the mark in his own name. *Great Seats*, 84 USPQ2d at 1239. The president of a corporation may not file an application in their own name for a mark owned by the corporation. See TMEP § 1201.02(c). If an application is filed in the name of a party who had no basis for his or her assertion of ownership of (or entitlement to use) the mark as of the filing date, the application is void, and registration must be refused. 37 C.F.R. § 2.71(d); *Lyons*, 123 USPQ2d at 1027; *Chien Ming Huang v. Tzu Wei Chen Food Co.*, 849 F.2d 1458, 7 USPQ2d 1335, 1335-36 (Fed. Cir. 1988). Simply put, ownership is material to deciding whether to allow an application for registration. *Symantec*, 86 USPQ2d at 1460.

Petitioner further argues that Respondent submitted a specimen "indicating that Registrant was the manufacturer of FUJIIRYOKI chairs when Registrant admitted he did not manufacture massage chairs at that time[.]"⁵¹ The application as filed included a specimen of use comprising the following photograph showing FUJIIRYOKI massage chairs offered to consumers:⁵²

⁵⁰ 46 TTABVUE 227.

⁵¹ *Id.*

⁵² Application of November 2, 2005 at TSDR 3-6.



The photograph shows a FUJIIRYOKI chair on a red floor mat featuring the FUJIIRYOKI mark. In the background, there is a large banner advertising the displayed model of FUJIIRYOKI-branded massage chair. The FUJIIRYOKI mark appears at the top of the banner as well. At the lower left portion of the banner, the wording “ACIGI Relaxation” appears above the wording “Manufacturer and Exclusive Distributor.” Shen admitted that his company, ACIGI Relaxation, did not

manufacture the FUJIIRYOKI chair as implied by the banner in the photograph.⁵³ As discussed above, TMEP § 1201.06(a) explains that mere distributors are not entitled to registration and, should a distributor apply, a refusal under Section 1 of the Trademark Act, 15 U.S.C. § 1051, must be made by the examining attorney. Because the photograph states that Shen’s company, ACIGI Relaxation, manufactured FUJIIRYOKI massage chairs—when it did not—this statement on the specimen is both false and material.

In sum, we find that Shen made multiple false and material misrepresentations in his application for registration. We next determine whether any of these misrepresentations were intended to deceive the USPTO.

B. Intent to deceive the USPTO

“To succeed on a claim of fraudulent registration, the challenging party must prove by clear and convincing evidence that the applicant made false statements with the intent to deceive [the USPTO].” *Bose*, 91 USPQ2d at 1940 (quoting *Meineke Discount Muffler v. Jaynes*, 999 F.2d 120, 126 (5th Cir. 1993)). The standard for finding intent to deceive is stricter than the standard for negligence or gross negligence, and evidence of deceptive intent must be clear and convincing. *Id.* As emphasized in *Bose*:

Subjective intent to deceive, however difficult it may be to prove, is an indispensable element in the analysis. Of course, “because direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect

⁵³ Shen Cross-Exam. Dep., pp. 84-89, 77 TTABVue 85-90 (dodging the yes-or-no question of whether Respondent was the manufacturer of FUJIIRYOKI chairs in 2005, and finally, after many evasive answers, answering negatively only as to the model shown).

and circumstantial evidence. But such evidence must still be clear and convincing, and inferences drawn from lesser evidence cannot satisfy the deceptive intent requirement.” *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 [88 USPQ2d 1001] (Fed. Cir. 2008). When drawing an inference of intent, “the involved conduct, viewed in light of all the evidence . . . must indicate sufficient culpability to require a finding of intent to deceive.” [*Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988) (en banc)].

Bose, 91 USPQ2d at 1941.

We therefore consider whether Shen’s false and material misrepresentations were intended to deceive the USPTO; and we focus on Shen’s declaration inasmuch as his ownership claim is the crux of the fraud issue before us.

1. Shen’s credibility

As an initial matter, we find that Shen’s testimony demonstrates his lack of credibility. In order for testimony to be credible and probative, it “should not be characterized by contradictions, inconsistencies, and indefiniteness but should carry with it conviction of its accuracy and applicability.” *B.R. Baker Co. v. Lebow Bros.*, 150 F.2d 580, 66 USPQ 232, 236 (CCPA 1945); *see also Cerveceria Centroamericana v. Cerveceria India, Inc.*, 892 F.2d 1021, 13 USPQ2d 1307, 1312 (Fed. Cir. 1989) (the testimony of the witness regarding use was afforded little weight because it was “to say the least, vague.”); *Nationstar*, 112 USPQ2d at 1370 (“We are particularly struck by applicant’s evasiveness and his failure to respond directly to straightforward questions asked by opposer’s counsel.”). Shen’s testimony carries no conviction of its accuracy and is grossly evasive, inconsistent, and self-serving.

For example, when asked who owns Respondent, ACIGI, Shen was evasive. He alternately implied that his wife owned Respondent, they shared it 50/50 because they were married, and, finally, he simply wasn't very sure who owned Respondent:⁵⁴

Q And you personally do not own the ACIGI company, right?

A No, it's not.

* * *

It's my wife's.

Q Your wife owns 100 percent of the ACIGI company?

A Husband and wife. 50/50.

Q You own 50 percent, and your wife owns 50 percent; is that right?

* * *

A Well, this is not the question. If you're married, you know.

Q Let me -- let me ask this: Who actually owns the stock or the membership interest in the ACIGI company?

* * *

A That I'm not very sure. Because I've never really cared about that. Mainly my wish to see how I can do my best to promote this product. I didn't really had [sic] known anything else.

To be clear, Shen is the CEO of Respondent, ACIGI, and has been since its founding in 2002.⁵⁵ Shen's testimony that he is "not very sure" who owns the stock of the company is not only contradictory, inconsistent, and indefinite, it is simply not credible. *See Nationstar*, 112 USPQ2d at 1370 (lack of credibility found where the applicant was "the owner and president of NationStar Mortgage, Inc., yet he claimed to not know whether that business earned any income.").

⁵⁴ 77 TTABVUE 145-46. Objections omitted.

⁵⁵ Shen Decl. ¶ 2, 61 TTABVUE 2.

Similarly, when discussing a later 2009 agreement between the parties, Shen, in his testimony declaration, stated that in the agreement,

[T]he parties entered into a written agreement wherein the parties agreed ACIGI would retain ownership of the trademark FUJIIRYOKI for massage chairs. The November 21, 2009 agreement in paragraph 5 states, “Fuji Medical Instrument Mfg. Ltd. agrees ACIGI to own the ‘Fujiiryoki’ trademark”, and which confirms in writing the validity of the mark and ACIGI’s ownership of the FUJIIRYOKI mark for massage chairs in the US.⁵⁶

But Shen’s declaration, made under oath, conspicuously omits that paragraph 5 was amended prior to signature to reflect a temporary business arrangement by the parties to avoid further conflict over ownership. The wording “in the U.S.A. for the time being” was hand-written at the end of paragraph 5 of the 2009 agreement by Petitioner’s representative prior to signing by the parties. The complete paragraph reads: “Fuji Medical Instrument Mfg. Ltd. agrees ACIGI to own the ‘Fujiiryoki’ trademark in the U.S.A. for the time being.” Shen’s declaration thus fundamentally misrepresents the nature of the agreement.

Shen claimed he did not understand the meaning of “for the time being” because his “level of English is limited[.]”⁵⁷ However, he later testified that he “read[s] English very well.”⁵⁸ Shen’s declaration grossly misstated the terms of the 2009 agreement and its significance. Although this 2009 agreement is not relevant to Shen’s claim of

⁵⁶ *Id* at ¶ 5, 61 TTABVUE 3.

⁵⁷ Shen Dep., p. 166, 46 TTABVUE 311.

⁵⁸ Shen Cross-Exam Dep., p. 12, 77 TTABVUE 13.

ownership at the time the application was filed in 2005, Shen's misrepresentations about it undermine his credibility in these proceedings.

Further, as discussed above, Shen put forth multiple unsupported theories explaining why he was entitled to register the FUJIIRYOKI mark. For example, Shen said he was given written permission to register the mark, but was unable to produce any written evidence; he said he was given verbal permission to register the mark, but was contradicted by two of Petitioner's witnesses; and he said Petitioner had abandoned the mark, even though Respondent was actively selling Petitioner's goods on Petitioner's behalf at the time Shen filed the FUJIIRYOKI trademark application.

Such contradictions, inconsistencies, and indefiniteness diminish the overall credibility of Shen's testimony. Accordingly, we find Shen's testimony is entitled to little weight. *B.R. Baker v. Lebow Bros.*, 66 USPQ at 236; *Nationstar*, 112 USPQ2d at 1370-73 (Applicant's evasiveness and failure to respond directly to straightforward questions led the Board to find "applicant's testimony not at all credible.").

2. Shen's declaration

"The benefits of registration are substantial," *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 113 USPQ2d 2045, 2056 (2015), and one obligation the Lanham Act imposes on an applicant is that he not make knowingly inaccurate or misleading statements in the verified declaration forming a part of the application for registration. *Bart Schwartz Int'l Textiles, Ltd. v. Fed. Trade Comm'n*, 289 F.2d 665, 129 USPQ 258, 260 (CCPA 1961).

Shen's declaration in support of his application included the required statement that:

[H]e/she believes the applicant to be the owner of the trademark/service mark sought to be registered . . . ; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.⁵⁹

The fact that Respondent's attorney signed the above declaration does not relieve Shen of his duty to state the truth. *See Smith Int'l v. Olin Corp.*, 209 USPQ at 1047 ("Even if the affidavit was prepared by its attorney, Smith must be held accountable for any false or misleading statements made therein.").

The evidence of record—both direct and circumstantial—establishes that Shen knew the above declaration was filed in his name, that he was not the owner of the FUJIIRYOKI mark, and that Petitioner actually owned the mark. The following evidence from the six-month period before Shen filed the application demonstrates that Shen knew that neither he nor Respondent owned the mark when Shen filed the FUJIIRYOKI application on November 2, 2005.

⁵⁹ Application of November 2, 2005; *see* 15 U.S.C. § 1051; 37 C.F.R. § 2.33.

a. The April 15, 2005 email

On April 15, 2005, at Shen's request, ACIGI's attorney sent an email to Takatori, then Petitioner's overseas manager, asking for authorization to use the FUJIIRYOKI mark to promote the massage chairs. The email stated:⁶⁰

ACIGI would like to have a written authorization from you for ACIGI [to] use Fujiiryo [sic] trademark to promote the message [sic] chair products and written notice from you that ACIGI is an authorized dealer of Fujiiryo.

We believe this would further enhance the mutual beneficial relationship and the marketing efforts that ACIGI has invested in promoting Fujiiryo products.

Shen and Daiwa, Petitioner's overseas trading company, were copied on the email. Inasmuch as Respondent was asking Petitioner for permission to use the FUJIIRYOKI mark in the U.S. to promote Petitioner's goods as its authorized distributor, Respondent's email is an admission that neither Respondent nor Shen were the owners of the FUJIIRYOKI mark or were entitled to register the mark in the U.S.

b. The April 21, 2005 email

On April 21, 2005, Daiwa sent an email to Shen on behalf of Petitioner explaining limitations on Respondent's use of the FUJIIRYOKI mark.⁶¹ Respondent had been using FUJIIRYOKI USA on its website and elsewhere. Daiwa and Petitioner expressed concern that Respondent's use of FUJIIRYOKI USA could create the false impression that Petitioner had opened a U.S. company under that name, when in fact

⁶⁰ Shen Dep. Exhibit 66 (47 TTABVUE 251-53). The same attorney filed the application on behalf of Shen.

⁶¹ Ex. 20 to Shen Dep., pp. 122-24, 46 TTABVUE 232-36.

Respondent was only a distributor. Shen was told he could use the FUJIIRYOKI mark, but could never use FUJIIRYOKI USA. He also was instructed to remove FUJIIRYOKI USA from his website. The email does not give Shen or Respondent either the right to register the FUJIIRYOKI mark or any ownership rights in the mark. Instead, the letter limits the ways in which Respondent could use the FUJIIRYOKI mark and contradicts any ownership claim by Shen or Respondent.

c. The CES (Consumer Electronics Show) email

In an email dated September 8, 2005, a mere two months before Shen filed the application, Shen asked Takatori for Petitioner's authorization to put the FUJIIRYOKI mark on gifts and t-shirts for the 2006 CES trade show in Las Vegas:

We have talked to some merchandise gift distributors to supply us 5000 to 10,000 small gifts. **We want to know if we can print your company name, Fujiiryoki on the gifts.** We are going to print T-shirts with Fujiiryoki company name for sales to wear at tradeshows. Those products with Fujiiryoki logo names will be done in China and **we are asking for your authorization to so.**⁶²

Clearly, if Shen or Respondent owned the FUJIIRYOKI mark in the U.S., they would not need authorization to use the mark on small gifts or on T-shirts worn by employees. Shen stated that he only asked for authorization as "a favor to the factory,"⁶³ but later testified that he asked for authorization because "It's just respect. . . . We need to make a uniform. And I want to let them know what we're doing. It

⁶² Shen Dep., 137-42, Ex. 21, 46 TTABVUE 238-46 (emphasis added).

⁶³ *Id.* at p. 140. 46 TTABVUE 241.

was just friendly. . . . He [Takatori] didn't care. That's me showing him respect by just asking him.”⁶⁴

Given Shen's lack of credibility and ever-changing rationales for his justification in registering the FUJIIRYOKI mark, we find his testimony regarding the CES trade show is not credible. Shen's request for authorization to use the FUJIIRYOKI mark on gifts and clothing is an admission that neither he nor Respondent were the owners of the FUJIIRYOKI mark or were entitled to register the mark in the U.S. In other words, this email from Shen requesting authorization from Petitioner to use the mark directly contradicts Shen's declaration that he “believes [himself] to be the owner of the trademark/service mark sought to be registered [and] to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce.”

We find that the foregoing emails exchanged between the parties in the months leading up to Shen's filing of the FUJIIRYOKI trademark application establish Shen knew that both he and Respondent needed authorization from Petitioner to use the FUJIIRYOKI mark. That is, a mere two months before filing the application, Shen was asking for permission to use the mark. This means that Shen knew neither he nor Respondent owned it. Moreover, there is no evidence that Shen directly asked for or received authorization to register the mark after any of these emails. Both Takatori and Kihara testified that Petitioner never gave Shen or Respondent written or verbal authorization to register the mark.

⁶⁴ Shen Cross-Exam Dep., p. 94, 77 TTABVUE 95.

This is not a case where “a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive.” *In re Bose*, 91 USPQ2d at 1942. Petitioner’s witnesses testified that Shen did not tell Petitioner that he was filing the trademark application. In fact, Kihara and Takatori testified that Petitioner did not know until 2008 that Respondent had registered the mark.⁶⁵ Shen’s silence on the matter evidences intent to conceal from Petitioner the fact that he registered the mark and demonstrates that Shen both knew he was not the owner of the mark when he filed the FUJIIRYOKI trademark application and had an intent to deceive the Office into granting a registration to which he knew he was not entitled. Accordingly, Shen’s statement in the application—that he believed himself to be the owner of the mark sought to be registered and that no one else had the right to use the mark in commerce—was a knowingly false statement made with the intent to deceive the USPTO.

Respondent nevertheless argues in its brief that Shen was justified in filing the application: “prompted by [Petitioner’s] abandonment and lack of interest in a trademark, trade show criteria requiring trademark registration, and distributor agreements Registrant entered into with third parties, Dr. Shen found it necessary to obtain a trademark registration for FUJIIRYOKI in the U.S.”⁶⁶ That is, Shen registered the mark simply because he needed the registration. In explaining his rationale for registering the FUJIIRYOKI mark, Shen stated:

⁶⁵ Kihara Dep., p. 83, 49 TTABVUE 84; Takatori Dep., p. 40, 51 TTABVUE 41.

⁶⁶ Respondent’s Br., p. 33, 85 TTABVUE 34.

First of all, his -- the trademark was abandoned. And also in '03 and '05 there are so many legal issues that had arisen. And thirdly, we had spent just too much money in advertising and with this trademark and also doing the [trade] shows and also to develop distributors.

And when all of those chairs were not working, we were the one who had to repair all of them. So I believe that, if you were standing in my position and looking at my perspective, then you'd know what I had to do.⁶⁷

Respondent further justifies its ownership of the mark because "Petitioner was 'naïve when it [came] to [trademarks]'" and "did not grasp the importance or concept of trademarks or monitor trademarks in the U.S."⁶⁸

We find that Respondent's arguments regarding Petitioner's attitude toward trademarks buttresses Petitioner's case, not Respondent's. In other words, Respondent's arguments make it clear that Shen (i) understood the fundamental problem with Respondent's relationship with Petitioner (i.e., Respondent was spending time and money building the brand in the U.S., but could be replaced with another distributor), (ii) thought he needed the trademark to protect his investment made in building the FUJIIRYOKI brand in the U.S., and (iii) was willing to take advantage of Petitioner's inexperience to do so. Regardless of the stated justification, neither the perceived need for a registered trademark nor Petitioner's naiveté permitted Respondent to take what it was not entitled to and did not own, namely Petitioner's FUJIIRYOKI mark. Respondent's recourse was a better distributorship agreement, not a fraudulently obtained registration.

⁶⁷ Shen Cross-Exam. Dep., pp. 25-26, 77 TTABVUE 26-27.

⁶⁸ *Id.* at 34, 85 TTABVUE 35.

We find that the above emails provide “clear and convincing” evidence that Shen intended to deceive the USPTO by claiming that he owned the FUJIIRYOKI mark when, in fact, he did not, and he knew that he did not. *Smith Int’l v. Olin Corp.*, 209 USPQ at 1044. Indeed, the record of Shen’s conduct, his grossly evasive testimony, and his self-serving claims, taken as a whole, establish he intended to deceive the USPTO.⁶⁹

VII. Conclusion

Petitioner has established that Shen’s false and material claim of ownership of the mark and declaration that no other entity had the right to use the mark in commerce were made knowingly and with intent to deceive the USPTO. *Bose*, 91 USPQ2d at 1939.

VIII. Decision

The Amended Petition to Cancel is granted on the ground of fraud. Registration No. 3201055 will be cancelled in due course.

⁶⁹ Because we have found Shen intended to deceive the USPTO by filing a false claim of ownership of the FUJIIRYOKI mark, we need not reach Petitioner’s remaining arguments regarding Shen’s other false material representations. *See Multisorb Techs., Inc. v. Pactiv Corp.*, 109 USPQ2d 1170, 1171 (TTAB 2013) (“[T]he Board . . . generally use[s] its discretion to decide only those claims necessary to enter judgment and dispose of the case. . . . More specifically, the Board’s determination of registrability does not require, in every instance, decision on every pleaded claim.”).